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ROBERT "BOB" BURNS  
Chairman

## ARIZONA CORPORATION COMMISSION

January 9, 2020

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

RE: APPLICATION OF TUCSON ELECTRIC POWER COMPANY FOR THE  
ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES  
(DOCKET NO. E-01933A-19-0028)

### Interested Parties:

Over the past few years the price of electrical energy storage has been dropping and continues to do so. In addition, it is my belief that storage that is disbursed throughout a utility's distribution system would be beneficial to that utility and just as importantly, beneficial to the customers served by that utility. Energy storage disbursed throughout a utility's system will make that system more reliable and resilient.

It is with this in mind that I would like Tucson Electric Power Company ("TEP"), Utilities Division Staff ("Staff"), the Residential Utility Consumer Office ("RUCO"), and any other party to this rate case to comment on a proposal that I would like the Commission to consider for TEP. In short, the proposal is for TEP to provide an incentive for the installation of individual customer energy storage; either in conjunction with the installation of new rooftop solar, installation paired with existing rooftop solar, or standalone (not associated with rooftop solar or any other distributed energy source) energy storage.

One method that I believe could work to provide such an incentive is for TEP to establish an on-bill, no interest loan program for residential customers to install energy storage systems on their premises. The benefit to the customers seems to be obvious: the installation of their own energy storage system at a lower cost due to the interest-free loan that could be paid monthly through the utility bill.

With the above proposal, I think we could all agree that there must be some benefit to TEP and its entire customer base. In order for TEP to have some benefit from the above distributed energy storage installation (that is owned by the customer, not TEP), TEP would need to have some control over the operation of the storage that was funded by the interest-free loan. In my proposal, TEP would be allowed to have a special tariff that would:

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1. Establish the interest-free loan;
2. Establish the parameters of where, when and how TEP would have control of the inverters associated with the energy storage; and
3. Put the customer on a special rate plan that would allow that customer to benefit (lower energy bill and reliability/resilience during a TEP outage) from energy storage while at the same time ensuring that TEP could use (e.g., energy, voltage control, frequency control) that storage when it was needed by the TEP system. Use by TEP should include limits such that the customer's energy storage would not be completely depleted, would not be used at a time that was critical to the customer, etc.

With TEP having partial control of all these distributed energy storage systems, TEP could aggregate these systems to provide significant benefit to the TEP grid. In my proposal, these storage systems are owned by the individual customers, which provides an additional benefit because, in the end, no company money is used, thereby, not adding to company rate base.

I realize that this proposal is very basic and does not contain the details that would be needed for implementation. Hopefully, the parties to this rate case can add the details that would enhance this proposal.

Additionally, and importantly, my proposal is just one method that I believe can incentivize the installation of distributed energy storage. I am sure there are parties to this rate case that can modify/tweak this proposal to make it better. Perhaps there are parties to this case that may have a completely different proposal that would accomplish my same goal. I am open (and hope other Commissioners are also) to other proposals that would incentivize the installation of distributed energy storage that benefits both the utility and its customers.

During the hearing for this case, I would request that TEP, Staff, and RUCO specifically provide comments, suggestions, and/or improvements on my proposal, or provide their own proposal. I also welcome the same comments/ideas from any other party that wishes to do so.

Sincerely,



Robert L. Burns  
Chairman